

David H. Coburn  
202 429 8063  
dcoburn@steptoe.com



1330 Connecticut Avenue, NW  
Washington, DC 20036-1795  
202 429 3000 main  
www.steptoe.com

October 20, 2014

**VIA ELECTRONIC DELIVERY AND OVERNIGHT MAIL**

Kris Morrissey  
Bureau of Energy Resources, Rm. 4843  
U.S. Department of State  
2201 C St. NW  
Washington, DC 20520

**Re: Notification of the Acquisition of Vantage Pipeline US LP by Pembina  
Prairie Pipeline (U.S.A.) Ltd.**

Dear Ms. Morrissey:

Vantage Pipeline US LP ("Vantage") hereby submits this letter to notify the U.S. Department of State ("Department") of Pembina Prairie Pipeline (U.S.A.) Ltd.'s ("Pembina U.S.A.") acquisition of the ownership interests in Vantage (hereinafter "the Transaction"). The Transaction is expected to become effective in October 2014. Vantage is the holder of the Presidential Permit that was issued by the Department on July 16, 2013 (the "Presidential Permit"), which authorizes Vantage to construct, connect, operate, and maintain a high vapor pressure ("HPV") liquid ethane pipeline and associated facilities (known as the "Vantage Pipeline") at the U.S.-Canada border in Divide County, North Dakota.

As described below, the Transaction will effectuate a change in the upstream ownership of the partnership interests in Vantage. Following the Transaction, which is described further below, Vantage will continue to own and operated the Vantage Pipeline and will continue to be the holder of the Presidential Permit. Further, at no point will the Transaction result in any new construction or modifications to the existing facilities that operate pursuant to the Presidential Permit, nor will any new environmental impacts result from the Transaction.

Vantage respectfully submits that, following the Transaction, the national interest would continue to be served through the operation of the Vantage Pipeline consistent with the Department's prior national interest determination and the terms and conditions of the Presidential Permit. Further, because only a change in upstream ownership of the company will result, and Vantage will continue to be the holder of the Presidential Permit and the owner and operator of the Vantage Pipeline, Vantage submits that consistent with the terms of the

Presidential Permit no new or amended Permit need be issued as a result of the Transaction. Indeed, as further described below, Article 8 of the Presidential Permit states that in the event of “[a]ny transfer of ownership or control of the [Vantage Pipeline facilities],” a written notification shall be made to the Department identifying the transferee, and thereafter the Presidential Permit “shall remain in force subject to all the conditions, permissions and requirements ... unless subsequently terminated or amended by the Secretary of State or the Secretary’s delegate.”<sup>1</sup> By this letter, Vantage hereby submits the written notification required by Article 8 of the Presidential Permit.

We provide below relevant background information to assist with the Department’s review of the Transaction.

## **I. Pembina U.S.A. Background Information**

Pembina U.S.A. is a corporation duly organized under the laws of Delaware with its headquarters at Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801. Pembina U.S.A. is owned by Pembina Prairie Pipeline Holdco Ltd., which is an Alberta corporation that is owned by Pembina Pipeline Corporation (“PPC”). PPC is the ultimate parent of Pembina U.S.A.

PPC is a 60-year-old publicly-traded company that is based in Calgary, Canada. PPC provides transportation and midstream services for various hydrocarbon and natural gas liquids produced in western Canada, including conventional and synthetic crude oil, heavy oil, oil sands products, and condensate (diluent). PPC’s conventional crude oil pipeline business consists of a pipeline network in Alberta and British Columbia that extends approximately 8,200 kilometers. That system transports approximately half of Alberta’s crude oil production, about thirty percent of the natural gas liquids produced in western Canada, and nearly all conventional oil and condensate produced in British Columbia. PPC also owns and operates natural gas liquids assets, including pipelines and associated gathering and processing facilities, in eastern Canada and the United States. Neither PPC nor any other affiliated entity holds a Presidential Permit.

---

<sup>1</sup> Specifically, Article 8 the 2013 Permit contains the following provision relating to the transfer of ownership and control of the permitted facilities:

Any transfer of ownership or control of the United States facilities or any part thereof shall be immediately notified in writing to the United States Department of State, including the submission of information identifying the transferee. This permit shall remain in force subject to all the conditions, permissions and requirements of this permit and any amendments thereto unless subsequently terminated or amended by the Secretary of State or the Secretary’s delegate.

## **II. Vantage Pipeline Background Information**

The Vantage Pipeline is a 429-mile HPV liquid ethane pipeline that extends from Tioga, North Dakota across the U.S.-Canada border to the Alberta Ethane Gathering System (“AEGS”) in Empress, Alberta. In the United States, the Pipeline extends approximately 79 miles from a point at the U.S.-Canada border in Divide County, North Dakota to an ethane source located at Tioga, North Dakota. In Canada, the Pipeline extends approximately 350 miles from the international boundary through Saskatchewan, Canada to its connection with the AEGS in Alberta.

On November 15, 2010, Vantage applied to the Department for a Presidential Permit to authorize the construction, operation, and maintenance of that segment of the Vantage Pipeline that extends from the U.S.-Canada border to the first mainline shutoff valve in North Dakota. Consistent with its obligations under the National Environmental Policy Act, 2 U.S.C. §§ 4321, *et seq.* (“NEPA”), the Department prepared an Environmental Assessment (“EA”) to assess the potential environmental impacts resulting from the issuance of a permit to authorize the construction, operation, and maintenance of the cross-border pipeline facilities.

The EA was issued by the Department on May 10, 2013. In that document, the Department concluded that the issuance of the Presidential Permit to authorize the construction, operation, and/or maintenance of the Vantage Pipeline cross-border facilities would not result in any significant impacts to the environment. In April 2013, the Department also entered into a Programmatic Agreement with Vantage, the North Dakota State Historical Preservation Officer, the Advisory Council on Historic Preservation, and Native American tribes to address cultural resource issues under Section 106 of the National Historic Preservation Act. As part of its review, and consistent with its obligations under Section 7 of the Endangered Species Act, the Department further consulted with the U.S. Fish & Wildlife Service and determined that impacts to species resulting from construction of the Vantage Pipeline could be avoided through the implementation of a mitigation plan.

As required under Executive Order 13337 (“EO 13337”), the Department also conducted an inter-agency consultation process in which it invited other federal agencies to comment on whether the Vantage Pipeline would serve the national interest. Upon completing that inter-agency consultation process, and concluding in a Record of Decision (“ROD”) that the Vantage Pipeline would in fact serve the “national interest,” the Department issued a Presidential Permit to Vantage on July 16, 2013. Vantage submits that the Vantage Pipeline continues to serve the national interest by providing the ethane-producing Bakken Region of North Dakota with access to the existing ethane pipeline infrastructure in Alberta, thereby helping to meet the Administration’s goals of increasing U.S. exports, while also helping to increase revenues from existing domestic resources.

As described in the Presidential Permit, the permitted facilities consist of the following major components:

The United States facilities will consist of a single 10-inch diameter pipeline extending from the United States-Canada border near 151<sup>st</sup> Ave NW, Divide County, North Dakota, up to and including the first mainline shut-off valve in the United States.

Vantage proceeded to construct the Vantage Pipeline in 2013-2014 in accordance with terms of the 2013 Permit, including the mitigation measures set forth in the EA and Programmatic Agreement. Consistent with the national interest, the Pipeline is fully operational and transports approximately 40,000 barrels per day of liquid ethane from North Dakota to the AEGS in Alberta.

### **III. Description of the Transaction/Affirmation of Adherence to Terms of Presidential Permit**

Vantage is a limited partnership duly organized under the laws of the State of Delaware. Its general partner is Vantage Pipeline US GP LLC, a Delaware limited liability company. Vantage's sole limited partner is Riverstone Vantage Pipeline US LP, a Delaware limited partnership.

The Transaction will ultimately result in Pembina U.S.A. acquiring all of Vantage Pipeline US GP LLC's and Riverstone Vantage Pipeline US LP's respective interests in Vantage. The acquisition of the ownership interests in Vantage by Pembina U.S.A. is expected to close in October 2014.

Following the Transaction, Vantage will remain intact as the same limited partnership that is currently organized under the laws of the State of Delaware. As noted, Vantage will also continue to hold the Presidential Permit and retain direct ownership and control over the assets described in the Permit, including the Vantage Pipeline. The Transaction will not result in any new construction or modifications to the existing facilities that were constructed and which are operated and maintained pursuant to the Presidential Permit. Further, the operation and maintenance of the permitted facilities will remain the same following the Transaction. Accordingly, the Transaction has no material effect on the purpose and/or use of the facilities and no environmental impact will result.

Vantage submits that the United States facilities will continue to "serve the national interest" consistent with EO 13337 because the above-described Transaction does not alter the Department's prior national interest determination. Nor does it alter in any way the facilities or the operations that are currently subject to the Presidential Permit. Vantage also recognizes that following the Transaction it will remain obligated to comply with the terms and conditions of the Presidential Permit. Specifically, as affirmed in the attached declaration of Bob Pritchard, Vantage Pipeline US GP's Officer, (*see* Attachment A), following the Transaction:

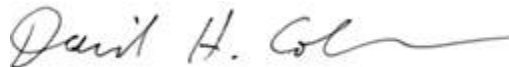
1. Vantage will not make any change in the location of the cross-border facilities or any material change in their operations, in accordance with Article 1.

2. Vantage will operate and maintain the cross-border facilities in all material respects as described in the 2010 application that resulted in the 2013 Permit, in accordance with Article 2.
3. Vantage will continue to comply with all applicable Federal and State laws and regulations and Federal filing requirements with respect to the Vantage Pipeline, in accordance with Article 3.
4. Vantage will continue to maintain the facilities in a condition of good repair for their safe operation, in accordance with Article 9.

In addition, the attached declaration of Robert Lock, PPC's Vice President, NGL Midstream (*see* Attachment B) affirms that: (1) no changes will result to the Vantage entity as a result of the Transaction; (2) Vantage will retain ownership and control of the Vantage Pipeline, and remain the holder of the Presidential Permit following the Transaction; (3) the operation and maintenance of the permitted facilities authorized by the Presidential Permit will remain substantially the same following the Transaction; and (4) neither PPC nor Pembina U.S.A. will directly operate or control the permitted facilities in any manner not currently covered or contemplated by the Presidential Permit.

Vantage will advise the Department when the Transaction is consummated. If you have any questions concerning the foregoing notification or require additional information, please feel free to contact me at (202) 429-8063.

Respectfully submitted,



David H. Coburn  
Joshua Runyan  
*Attorneys for Vantage Pipeline US LP*

Enclosures

cc: David Huitema, esq.

# **ATTACHMENT A**


## DECLARATION OF BOB PRITCHARD

I, Bob Pritchard, state as follows:

1. I am Officer of Vantage Pipeline US GP LLC, the general partner of Vantage Pipeline US LP ("Vantage").
2. Vantage is a limited partnership duly organized under the laws of the State of Delaware, and headquartered at Calgary, Alberta. Its general partner is Vantage Pipeline US GP LLC, a Delaware limited liability company. Vantage's sole limited partner is Riverstone Vantage Pipeline US LP, a Delaware limited partnership
3. Pembina Pipeline Corporation ("PPC") has entered an agreement to acquire Vantage Pipeline US GP LLC and all of Riverstone Vantage Pipeline US LP's interests in Vantage, following which PPC's affiliate, Pembina Prairie Pipeline (U.S.A.) Ltd., will be the sole member of Vantage Pipeline US GP LLC and directly own all of the outstanding limited partner interests in Vantage (the "Transaction"). The Transaction is scheduled to close in October 2014.
4. Following the closing of the Transaction:
  - a. Vantage will continue to hold the Presidential Permit issued to it on July 16, 2013 by the U.S. Department of State ("2013 Permit") allowing it to construct, operate and maintain a pipeline, which is fully constructed and operates to transport ethane from the United States to Canada ("Vantage Pipeline");
  - b. Vantage will not make any change in the location of the cross-border facilities authorized under the 2013 Permit or make any material change in the current operation of the Vantage Pipeline or related facilities;
  - c. Vantage will continue to operate and maintain the cross-border facilities in all material respects as described in the 2010 application that resulted in the 2013 Permit;
  - d. Vantage will continue to comply with all applicable Federal and State laws and regulations and Federal filing requirements with respect to the Vantage Pipeline;
  - e. Vantage will continue to maintain the facilities in a condition of good repair for their safe operation.

In accordance with 28 U.S.C. § 1746(1), I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED this 17th day of October, 2014.

  
\_\_\_\_\_  
BOB PRITCHARD

# **ATTACHMENT B**



## DECLARATION OF ROBERT LOCK

I, Robert Lock, state as follows:

1. I am the Vice President, NGL Midstream of Pembina Pipeline Corporation. ("PPC").
2. PPC is a corporation duly organized under the laws of the province of Alberta, Canada, with its headquarters at 3800, 525 - 8th Avenue SW, Calgary, Alberta T2P 1G1. PPC is the ultimate parent of Pembina Prairie Pipeline (U.S.A.) Ltd. ("Pembina U.S.A."), a corporation duly organized under the laws of the state of Delaware, with its headquarters at Corporation Trust Center, 1209 Orange St., Wilmington, DE 19801.
3. PPC has signed an agreement to acquire Vantage Pipeline US GP LLC and all of Riverstone Vantage Pipeline US LP's interests in Vantage Pipeline US LP ("Vantage"), thereby assuming a full upstream ownership interest in Vantage (the "Transaction"). As a result of the Transaction, the ownership interest in Vantage will be directly held by Pembina U.S.A.
4. The Transaction is expected to close in October 2014.
5. Following the closing of the Transaction:
  - a. Vantage will remain an entity incorporated under the laws of Delaware;
  - b. Vantage will continue to be the holder of the July 16, 2013 Presidential Permit issued by the U.S. Department of State ("2013 Permit") that authorizes the construction, operation and maintenance of the cross-border pipeline currently operated by Vantage and used for the transportation of ethane from the United States to Canada ("Vantage Pipeline");
  - c. The operation and maintenance of the Vantage Pipeline and related facilities authorized under the 2013 Permit will remain the same following the transaction;
  - d. Neither PPC nor Pembina U.S.A. will cause the facilities authorized under the 2013 Permit to be operated and/or maintained in a manner not currently covered or contemplated by the 2013 Permit;
  - e. Neither PPC nor Pembina U.S.A. will make any change in the location of the cross-border facilities authorized under the 2013 Permit; and
  - f. PPC will ensure that Vantage continues to comply with all applicable Federal and State laws/regulations with respect to the Vantage Pipeline.

In accordance with 28 U.S.C. § 1746(1), I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

DATED this 17<sup>th</sup> day of October, 2014.



---

**ROBERT LOCK**